

C 22462

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Name.....

Reg. No.....

**FOURTH SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY)
EXAMINATION, APRIL 2022**

(CBCSS)

Master of Commerce

MCM 4C 14—FINANCIAL DERIVATIVES AND RISK MANAGEMENT

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

General Instructions

1. *In cases where choices are provided, students can attend **all** questions in each section.*
2. *The minimum number of questions to be attended from the Section / Part shall remain the same.*
3. *The instruction if any, to attend a minimum number of questions from each sub section / sub part / sub division may be ignored.*
4. *There will be an overall ceiling for each Section / Part that is equivalent to the maximum weightage of the Section / Part.*

Part A

*Answer any **four** questions.
Each question carries 2 weightage.*

1. What are credit derivatives ?
2. Define LEAPS.
3. What is spot price ?
4. Define currency future ?
5. What is put option ?
6. What is delta ?
7. What are currency swaps ?

(4 × 2 = 8 weightage)

Part B

*Answer any **four** questions.
Each question carries 3 weightage.*

8. What do you mean by exchange traded derivatives ? What are its merits ?
9. What is margin system ? What are the different types of margins ?

Turn over

10. Explain the role of SEBI in protecting the interest of investors in the derivatives market.
11. Explain hedging a short position in an asset.
12. Explain time value and intrinsic value of option contract.
13. Explain the advantages of swap contract.
14. Who is a speculator ? Explain the functions of a speculator.

(4 × 3 = 12 weightage)

Part C

*Answer any two questions.
Each question carries 5 weightage.*

15. Define Risk Management. Describe the need and significance of risk management
16. What do you mean by currency futures ? Explain how currency futures are priced.
17. What are options ? Explain the classification of option contracts.
18. Derivatives trading in India has evolved over the years. Explain the above statement in the context of recent changes in India.

(2 × 5 = 10 weightage)